

FISCAL NOTE

SB 1516 - HB 1521

March 26, 2001

SUMMARY OF BILL: Changes the date to qualify for franchise and excise tax credits for Low Income Housing Tax Credits (LIHTC) from June 28, 2000 to within the previous five-year period.

Under current law, there shall be allowed as a credit against the sum total of the taxes imposed by the franchise tax law, compiled in title 67, chapter 4, part 21, and by the excise tax law, compiled in title 67, chapter 4, part 20, certain unbudgeted property taxes associated with LIHTC property. As used herein, "LIHTC property" means property participating, as of June 28, 2000, in the low income housing tax credit program authorized by §42 of the Internal Revenue Code, and "unbudgeted property taxes" means actual property taxes due on the LIHTC property minus the average property taxes projected for all LIHTC properties in the county in LIHTC program applications filed prior to June 28, 2000 but after 1995 and based on the final applications. With respect to each LIHTC property, the credit exists for 5 years and shall expire after the fifth year for which it is claimed.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$100,000

Estimate assumes the total decrease in state revenues cannot be determined but can be reasonably estimated to exceed \$100,000.

For information purposes, based on information provided by the Department of Revenue there are at least 50 projects encompassing almost 4,000 residential units qualifying for Low Income Housing Tax Credits in the past five years in the state of Tennessee.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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